

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- ENERGY STORAGE SYSTEMS  
ACT

Introduced By: Senators Euer, Sosnowski, DiMario, and Zurier

Date Introduced: March 01, 2024

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings and purpose.

2 The general assembly hereby finds that:

3 (1) An energy storage system connected to the electric power system could alleviate time  
4 and location-based constraints on the distribution and bulk power systems, including physical,  
5 economic, and environmental constraints, and result in lower costs to the general body of ratepayers  
6 if located in the right place and operated at the right time.

7 (2) Currently, Rhode Island does not have an interconnection tariff that recognizes the  
8 potential flexibility and dispatchability of energy storage systems.

9 (3) The public utilities commission should advance frameworks that would promote  
10 advancement of grid connected energy storage systems when those systems can provide net value  
11 to the general body of ratepayers.

12 (4) In order to secure a long-term, stable, and affordable supply of energy storage systems,  
13 it is essential that Rhode Island begin procuring and deploying energy storage systems as an  
14 alternative to costly and redundant utility distribution infrastructure.

15 SECTION 2. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND  
16 CARRIERS" is hereby amended by adding thereto the following chapter:

17 [CHAPTER 33](#)

18 [ENERGY STORAGE SYSTEMS ACT](#)

1           **39-33-1. Definitions.**

2           As used in this chapter:

3           (1) "Commission" means the public utilities commission.

4           (2) "Energy storage system" means any technology capable of converting electrical energy  
5 to some form of stored energy for reconversion to electrical energy at a later time.

6           (3) "Long-duration energy storage system" means energy storage systems that are capable  
7 of permanently displacing fossil fuel energy systems designed to store energy or necessary for  
8 balancing intermittent renewable energy resources.

9           **39-33-2. Storage tariff.**

10          No later than September 1, 2024, the public utilities commission shall engage stakeholders  
11 to adopt a framework for an energy storage system tariff for energy storage systems connected to  
12 the electric distribution system.

13          (1) The tariff framework should, at a minimum, address the ability of energy storage  
14 systems to charge from and discharge to the electric distribution system.

15          (2) The commission shall set a schedule that is designed to result in a model tariff no later  
16 than May 1, 2025, consistent with the tariff framework.

17          (3) Following that date, if the commission finds that the energy storage system tariff can  
18 be implemented without inequitable cross subsidization between customers, each electric  
19 distribution company as defined in § 39-1-2 that has greater than one hundred thousand (100,000)  
20 customers shall file the model tariff for review and approval by the public utilities commission in  
21 a contested proceeding. Otherwise, the model tariff shall be included as part of the electric  
22 distribution company's next general rate filing.

23          **39-33-3. Interconnection.**

24          (a) No later than September 1, 2024, the commission shall commence a process, which  
25 includes stakeholder engagement, to adopt a framework for an interconnection tariff for energy  
26 storage systems connected to the electric distribution system that recognizes the flexible operating  
27 characteristics of energy storage systems.

28          (b) Following the public utilities commission's adoption of a framework, which shall be  
29 completed no later than May 1, 2025, each electric distribution company as defined in § 39-1-2 that  
30 has greater than one hundred thousand (100,000) customers shall file a proposed energy storage  
31 system interconnection tariff for review and approval in a contested proceeding.

32          **39-33-4. Periodic storage assessment and procurement.**

33          (a) Not less than every three (3) years, the commission shall conduct a market survey to  
34 assess the capabilities of storage technologies and whether those capabilities have the potential to

1 meet the needs of, or provide net value to, the distribution system or the bulk power system.

2 (1) As part of its review, the commission shall consider time and location-based constraints  
3 on the distribution and bulk power systems, including physical, economic, and environmental  
4 constraints that increase costs to the general body of ratepayers.

5 (2) Transmission level storage, at a minimum, shall include long duration energy storage  
6 systems and short duration energy storage systems that have peaking capabilities, but may include  
7 other applications.

8 (b) If the commission makes a finding that storage may meet distribution system or bulk  
9 power system needs, or provide net value to the general body of ratepayers, it shall make a finding  
10 of whether there should be a target for procurement of transmission level or distribution level  
11 storage. This review shall also consider whether any changes need to be made to previously  
12 approved storage procurement methods to meet the targets and may be conducted as part of the  
13 review of system reliability and procurement in § 39-1-27.7(b). The commission's findings about  
14 appropriate targets and procurement shall be consistent with its least cost procurement standards  
15 and that the approved procurement is cost effective, less than the cost of supply, reliable, prudent  
16 and environmentally responsible.

17 **39-33-5. Administrative expense.**

18 The commission is authorized to hire one or more consultants to assist with each task set  
19 forth in this chapter and may assess its actual costs to each electric distribution company as defined  
20 in § 39-1-2 that has greater than one hundred thousand (100,000) customers in a manner to be  
21 determined by the commission.

22 SECTION 3. Section 39-26.1-4 of the General Laws in Chapter 39-26.1 entitled "Long-  
23 Term Contracting Standard for Renewable Energy" is hereby amended to read as follows:

24 **39-26.1-4. Financial remuneration and incentives.**

25 In order to achieve the purposes of this chapter, electric distribution companies shall be  
26 entitled to financial remuneration and incentives for long-term contracts for newly developed  
27 renewable energy resources, which are over and above the base rate revenue requirement  
28 established in its cost of service for distribution ratemaking. Such remuneration and incentives shall  
29 compensate the electric distribution company for accepting the financial obligation of the long-  
30 term contracts. The financial remuneration and incentives described in this section shall apply only  
31 to long-term contracts for newly developed renewable energy resources. For long-term contracts  
32 approved pursuant to this chapter before January 1, 2022, the financial remuneration and incentives  
33 shall be in the form of annual compensation, equal to two and three quarters percent (2.75%) of the  
34 actual annual payments made under the contracts for those projects that are commercially

1 operating, unless determined otherwise by the commission at the time of approval. For long-term  
2 contracts approved pursuant to this chapter on or after January 1, 2022, including contracts above  
3 the minimum long-term contract capacity, the financial remuneration and incentives shall be in the  
4 form of annual compensation up to one percent (1.0%) of the actual annual payments made under  
5 the contracts through December 31, 2026, for those projects that are commercially operating. For  
6 all long-term contracts approved pursuant to this chapter on or after ~~January 1, 2027~~ December 31,  
7 2024, financial remuneration and incentives shall not be applied, unless otherwise granted by the  
8 commission. For any calendar year in which the electric distribution company's actual return on  
9 equity exceeds the return on equity allowed by the commission in the electric distribution  
10 company's last general rate case, the commission shall have the authority to adjust any or all  
11 remuneration paid to the electric distribution company pursuant to this section in order to assure  
12 that such remuneration does not result in or contribute toward the electric distribution company  
13 earning above its allowed return for such calendar year.

14 SECTION 4. Chapter 39-26.1 of the General Laws entitled "Long-Term Contracting  
15 Standard for Renewable Energy" is hereby amended by adding thereto the following section:

16 **39-26.1-10. Energy storage procurement.**

17 (a) The general assembly finds that while the commission develops new energy market  
18 rules for the use of energy storage systems, it is in the public interest to support the deployment of  
19 the following energy storage capacity:

20 (1) Ninety megawatts (90MW) by December 31, 2026;

21 (2) One hundred ninety-five megawatts (195MW) by December 31, 2028; and

22 (3) Subsequent targets may be proposed and set pursuant to chapter 31 of title 39.

23 (b) The Rhode Island infrastructure bank, in consultation with the office of energy  
24 resources, shall develop one or more programs to distribute funds made available pursuant to this  
25 chapter to meet the goals established in subsection (a) of this section.

26 (c) The Rhode Island infrastructure bank may take in funds from the following sources in  
27 support of this program:

28 (1) Money appropriated in the state budget to the fund or otherwise made available to the  
29 infrastructure bank;

30 (2) Money made available to the fund through federal programs or private contributions;

31 (3) Application or other fees paid to the infrastructure bank to process applications; and

32 (4) Any other money made available to the bank.

33 (d) The program(s) shall establish supplemental funding efforts to support the deployment  
34 of energy storage systems for:

- 1           (1) Residential classes of electric customers;  
2           (2) Low-income residential classes of electric customers;  
3           (3) Commercial and residential classes of electric customers; and  
4           (4) Energy storage systems connected to the distribution or transmission system in front of  
5 the meter and not located at a customer's premises.

6           (e) The program shall provide for grants, no-interest loans, and low-interest loans to  
7 support:

- 8           (1) The co-locate energy storage systems with distributed energy resources; or  
9           (2) Energy storage systems that would allow for the interconnection of distributed energy  
10 resources without distribution system upgrade costs.

11           (f) Any local distribution company that serves greater than one hundred thousand (100,000)  
12 customers shall not be eligible for the financial support described in this section.

13           (g) The infrastructure bank shall have the authority to adopt, amend, and implement such  
14 rules and regulations as may be necessary and desirable to effectuate the purposes of this section.

15           SECTION 5. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO PUBLIC UTILITIES AND CARRIERS -- ENERGY STORAGE SYSTEMS  
ACT

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1           This act would require the public utilities commission to engage stakeholders to adopt a  
2 framework for an energy storage system tariff for energy storage systems connected to the electric  
3 distribution system.

4           This act would also move up the deadline for the application of financial remuneration and  
5 incentives from January 1, 2027, to December 31, 2024, unless otherwise granted by the public  
6 utilities commission.

7           This act would further set energy storage systems capacity and direct the Rhode Island  
8 infrastructure bank to develop programs to distribute funds to meet the energy storage systems  
9 capacity goals.

10          This act would take effect upon passage.

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